

Tempe Budget Community Forum

Feb. 24, 2010, at 6:30 p.m.
South Tempe Police Substation

The following is a recap of questions asked and answers given during the final of four community forums held in February 2010 regarding the 2010-11 city budget balancing effort. Answers were provided by City Manager Charlie Meyer unless otherwise noted.

Question 1: I am a resident of Chandler and attended a church in Tempe. An employee with the youth sports area of Parks & Recreation asked me to come and talk tonight. Tempe really outshines other cities when it comes to youth sports. You can get to know other residents and businesses.

A: We are trying to get full cost recovery with these programs. Thank you for your comment.

Q2: I am a block watch chairman. We are not in a position to lose any Police personnel. The Chief talked to us several months ago and said there would be no cuts. The Mexican drug cartels are infiltrating the region. People who own rental homes are supposed to pay taxes – if they did, we may not have a deficit.

A: We have someone on our tax staff dedicated to finding rental properties that are not paying taxes. Have we found them all? No. We depend on neighbors to tell us. In the last several years, these collections have gone up quite a bit. Our public safety services constitute 56 percent of our budget. We can all agree they are vital but it's virtually impossible to balance the budget without them.

Q3: Is it true that 70 percent of Tempe employees are in a union and negotiate their salaries? I think there should be across-the-board cuts to management positions.

A: (Police Chief Tom Ryff) If I were to cut 153 positions from the Tempe Police Department we wouldn't be able to provide the same level of service we do today. When I took over three years ago, we formulated a plan to meet Tempe's future with growth and other changes. As part of the plan, we started to increase staffing and make changes to be more proactive through crime analysis. The City Council has been very supportive and we have had outstanding results. Crime in Tempe is at its lowest in 20 years. We have started partnering with other agencies like the Drug Enforcement Agency, the U.S. Federal Marshals and others, so that when we have a need in Tempe we can bring in resources to supplement our staffing. We were asked to eliminate 153 positions, including 107 sworn officers. I would be shutting down areas of specialization like the motorcycle unit and school resource officers, for example. We're all very concerned if those cuts occur. We're not there yet. The City Council supports public safety. I'm confident we will not lose the number of employees that have been proposed.

(City Manager Charlie Meyer) Closer to 90 percent of our employees are in one of four unions. Three of the four contracts run through June 2011. I just met all afternoon with our employee groups. The City Council has asked that we save \$5 million through employee pay and benefits cuts. Our employee groups have already waived salary

increases. Other cities like Phoenix gave substantial increases to employees in 2009-10. \$5 million is essentially an across-the-board cut. We're looking at furloughs, which could work as a short-term solution. Department managers are giving up 8 percent in pay. We also are consolidating from eight major departments to four. That consolidation gets us about \$2 million and results in substantial decreases in management positions. We also looked at the ratios of supervisors to supervisees. If a department had low ratios, we addressed that.

Q4: Why are we reducing the gang unit before landscaping?

A: Reduction priority No. 1 in the plan is the first thing that would be cut. Priority No. 212 is the last thing that would be cut. We made some substantial cuts last year to parks maintenance and we are proposing to make more this year. We are trying to reach balance. The Police Department concept of CPTED (Crime Prevention through Environmental Design) tells us that if things look bad, it invites crime. There are safety and quality of life impacts to consider. The City Council will ultimately have the ability to reorder these.

Q5: I am a block watch captain and a former Tempe employee. Neighbors get to know each other through programs like crime-free multihousing. There is the potential that the sales tax wouldn't pass. What are the plans for having continual revenue sources?

A: The budget balancing plan is the contingency plan. The \$8 million is a big piece of this. If it doesn't pass, this becomes the plan for what gets cut. I can't say we have turned over every stone looking for revenue but we've tried. In Arizona, we are limited by statute on the amount of our revenue from property tax to be used for operating costs. The secondary property tax cannot be used for operations. About 70 percent of our revenue is sales tax and state-shared income tax. The rest is fees. We are proposing adding a \$10 fee on citations, for example. We have reached the point where fees exceed the original citation. These things don't provide very large amounts of money but they might restore some positions. There is no easy fix. Arizona is probably hurting more than many areas of the country because of this system.

Q6: When did this budget issue start? Why are we spending \$15 million on the library, \$5 million on the museum and \$20 million on a pedestrian bridge?

A: In June and July 2008, we started to see indications of reduced sales tax revenues. We implemented hiring and salary freezes in 2008. But we didn't predict the length and depth of the recession.

Secondary property taxes fund capital projects. They are approved by voters. The decision was made to move forward with capital projects because they didn't have much impact on operating dollars. In most other cases, cities can decide how they want to spend property tax.

Q7: Why should the sales tax sunset in four years?

A: I shouldn't speak for the City Council but I have heard their discussions on this topic. They felt by sunseting it, the tax would be more likely to pass. What happens in four

years? The options are that growth in the economy could make up for it. If growth in the economy hasn't happened, another option is that we could do \$8 million in cuts. Another option is the City Council could ask the public to extend the tax or make it permanent.

Q8: Is it true that the Police Department is strained by light rail? Is light rail a factor in determining Police staffing levels?

A: Light rail security along Tempe's portion of the line is contracted out with a security firm. Our Police Department backs that up if someone needs to be arrested, for example. I don't know that it has been a burden on the Police budget because the Transit fund pays for that security. Some people who take light rail to downtown Tempe will require Police services, but most won't. Light rail hasn't just brought a young crowd downtown – it is a pretty mixed crowd. Rail has spurred redevelopment in what were high-crime areas such as Apache Boulevard and we've seen reinvestment. Are we better or worse off with light rail? We would probably rather have light rail.

Q9: In a protracted recession that will probably continue until 2013, we have tried to be all things to all people. In the Police Department, we have service that is over and above basic patrols, such as Homeland Security. Elimination of some Police programs should not be portrayed as a scary thing. We should be focused on absolute necessities. The mounted patrol is something other communities do. The City of Phoenix accepted a 2 percent pay reduction and four furlough days in the Fire Department. It seems like the Police and Fire departments would want to step up. I don't understand the holdup in negotiating that. Regarding the 2 percent bed tax increase to promote other activities for the city – why doesn't that go to the General Fund?

A: The bed tax is currently 3 percent with the ballot measure asking for an additional 2 percent. There is no proposed split in the ballot language but we have discussed that with the Convention and Visitors Bureau (CVB) because of their reduced revenues. Hotel owners are in support of the bed tax increase because they feel the lack of promotion activities from the CVB could affect their business. The use of the tax is limited to tourism promotions. There are plenty of General Fund things we do to support events. In negotiating a split with the CVB, our initial discussion was 50-50. We'd use our portion to reimburse ourselves for special event costs. We have prided ourselves on special events – some provide money, some just cost money. Three events don't pay for themselves – the Insight Bowl and Insight Bowl Block Party are the biggest. We agreed years ago to pay all the support costs for that. The July 4th event at Town Lake and the Rock 'N' Roll Marathon are the two others. We are subsidizing the costs of those. The City Council has asked us to try to negotiate this.

Regarding the changes made in Phoenix: they got an 8+ percent increase and have in effect given that back. We cannot force that to happen when our employee group contracts are not open. Employees do care. Employee groups understand that furloughs are on the horizon. They may offer something else. They may challenge us legally.

People do want to see patrol cars in their neighborhoods and you want a quick response. The last things that would get cut in the plan are those types of services. Preventative services that prevent crimes from happening in the first place have value too. School resource officers intervene positively in the lives of young people who may otherwise have committed crimes.

Q10: My son took a 10 percent pay cut. Everyone is taking a hit. Yet the unions are saying “tough.” I find that frustrating and irritating.

A: Employee groups offered three years of freezes. I hear your frustration.

Q11: I just took an 80 percent pay cut because I got laid off and now have a part-time job. Now you want to increase my taxes. Perhaps there’s some leverage to force employee groups to negotiate. With the bed tax, we will just force people to stay elsewhere. I think department heads should be cut more than 8 percent.

A: Scottsdale is increasing its bed tax by 2 percent. There probably will not be a big shift in where people stay.

Q12: How many officers could you eliminate by increasing the geographic areas they patrol?

A: (Police Chief Tom Ryff) The elimination of officers means those still there will have less time for proactive patrols because they will be going from call to call. Currently 20-25 percent of their time is spent on proactive patrol.

About the specialty units, criminals today aren’t the same as in the past. A gang today is part of an organized crime syndicate. We recently arrested 130 people connected to a Mexican drug cartel and seized over 100 pounds of meth as part of a major regional operation. Of all the arrests, how many were done by patrol people? The people who did this were our special assignments staff in conjunction with federal agencies.

The mounted patrol is not just PR. Mill Avenue has thousands of pedestrians attending events and those horses are very beneficial for crowd control. We call in other departments’ horses during major events. You can also get sizeable crowds after 2 a.m. on any weekend in downtown. Twenty-nine percent of all Tempe officers assaulted are in downtown. We will assist this city in making cuts. We are bringing in reserve officers for the mounted unit and assigning less staff to the unit.

With Homeland Security, Tempe received a lot of grant money for bolstering our infrastructure to help deal with issues. Because we haven’t had a major event doesn’t mean there haven’t been or won’t be attempts. We have proposed eliminating the Homeland Security administrator and an administrative assistant position in that area. Tempe and our neighboring cities are going to look next month at sharing Homeland Security resources and partnering in this area.

Q13: The budget process has been a very transparent and thorough effort. Next week through the end of April, the City Council will make key decisions about the

proposal? The City Council employs you to make these recommendations. Hopefully they don't pick it apart and cherry pick their favorite programs.

A: The heavy lifting with Council will be March 4. If they complete their work on that date, the budget staff then has to construct the budget and implement these things. The City Council will approach it the way they want to approach it. We tried to structure this for the City Council with a whole series of options they can move around. It's possible they may come up with things not on this list. The City Council is getting input from the community on what's important. They will move things around to reflect that. That is their right to do that.

Q14: We are Human Relations Commission members. We sent a letter to the City Council about the diversity unity grants and we would like to read the letter. We advocate that these grants continue. (*Resident reads letter.*)

A: The grants are No. 60 out of 212, so they are in Level 1. I understand your concern.

Q15: With sales of big ticket items on the Internet, do we lose the opportunity to collect sales tax on those?

A: Yes. Internet sales are not accessible to tax.

Q16: What is the mechanism to adjust the ratio of capital to operating budgets?

A: All we have to do is convince the state legislature. If we had the ability to reapportion property taxes we would, but it's an iron-clad rule.

Q17: It is important to keep investigations and specialty units intact. It's important to have streets and parks maintenance – we don't want to be inviting to criminals. Social services are important not to cut. The majority of union contracts expire next year. What are you hoping for with contract negotiations next year? Government job benefits seem much more generous than the private sector, with things like more holidays.

A: The plan anticipates a \$5 million reduction – that is temporary. Next year, we'll be looking for a more permanent solution. Public sector benefits have grown and they are substantial. Arizona is a right to work state but Tempe has an ordinance governing this process of employee unions. Tempe has never negotiated a rollback. Getting it back is a whole lot harder than giving it.

Q18: I am a retired employee. I commend Chief Ryff for telling it the way it is.

A: Thank you for your comment.

Q19: I am a senior on a limited budget. I feel we have to vote for the sales tax increase.

A: We cannot as city staff advocate for the tax but we appreciate you voicing your opinion.

Q20: Scottsdale's bed tax is 12 percent.

A: Including sales tax, it probably does all add up to 12 percent. The room tax portion in Scottsdale is currently 3 percent.

Q21: Eliminating a Court position – what impact does that have? What about the cuts to parking enforcement?

A: It is a priority to collect penalties. Our workloads are not down during recessions except in Development Services. That will impact workload for those left. We are working with the Downtown Tempe Community on a parking enforcement option.

Q22: In regard to the two Fire Department companies in the plan – what is the impact of those?

A: We are extremely proud of the work of the Fire Department. We used the automatic aid system to share resources with other surrounding Fire Departments. It is a longstanding, effective arrangement that is unique in the nation. Every day we share resources automatically with Phoenix, Mesa, Chandler and Scottsdale.

(Fire Chief Cliff Jones) Some 25 years ago, we laid off people because of the regional combined dispatching system and automatic aid. Since then, we have saved millions over the years just in dispatching. Tempe is a high-risk city for fires. There are six fire stations and hopefully a seventh in our future. Tempe would require 10 stations if not for automatic aid. The area south of Guadalupe Road represents 40 percent of the city, yet we have one fire company and one fire station there. The rest are north of Guadalupe Road. We have a response time goal of five minutes from the time a call is dispatched to the fire station. The addition of a company at Fire Station #1 had a positive impact on emergency response times citywide. We need a south Tempe fire station.

We rely heavily on Mesa, Chandler and Guadalupe to respond to our fire and medical emergencies. The company cut in Level 3 is that additional company on Apache – if we cut that we'll go back to 2008 response times. *(Two color maps shown via overhead projector.)*

The second company, in Level 5, was needed to get to our full target. Combined, losing both would be a 20 percent reduction and response times would go up. That would result in layoffs. If we or other fire departments reduce staff, it impacts the system.

Q23: The plan proposes reducing Police overtime by \$384,000. Won't we need more overtime if these cuts are made?

A: Much of our overtime is for major events. If an event is paying for it, it's not as big a concern. We will need to adapt to these changes.

Q24: There seem to be so many people on the third floor of City Hall. How much is being spent on fluff activities for Mayor and Council? What reductions have there been in Community Relations?

A: (Community Relations Manager Shelley Hearn) There have been significant cuts since 2009-10 and again in 2010-11. We don't buy tables at events for Council – instead we buy seats. Travel has been greatly reduced. There have been reductions in all areas, including Mayor/Council, Neighborhoods, Communication and Government Relations. We eliminated all Council and department manager car allowances.

Q25: I am a north Tempe resident. The police have worked with our area on drug busts. We are thankful for the Police Department. The Police and Fire helped my husband after he experienced a medical emergency after our dog was attacked. I intend to vote for the sales tax. People have been impacted by the economic situation. I hope that Police employees would look at what they can do to help.

A: Thank you for your comment.

Q26: The Convention and Visitors Bureau recently said in a newspaper article that Tempe is considering a convention center and marina. Is that true?

A: The city has had longstanding plans for a boathouse at our existing marina. Private donations are planned to fund that. The City of Tempe is not looking at a convention center. The Tempe Mission Palms is looking at adding a relatively small conference center onto its property. The CVB was probably saying a conference center like that would support room bookings.